GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

UNSTARRED QUESTION NO:937
ANSWERED ON:06.03.2007
EXPORT OF COTTON CLOTHES TO USA
Meghwal Shri Kailash

Will the Minister of TEXTILES be pleased to state:

(a) Whether there is any decline in export of cotton clothes to United States of America (USA) as compared to neighbouring countries like Sri Lanka etc. during the last three years;

(b) If so, the reasons therefor; and

(c) The steps taken to boost the export of cotton clothes to USA?

Answer

MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI E.V.K.S. ELANGOVAN)

(a): No, Sir. The exports data of cotton clothes to USA from India, Bangladesh and Sri Lanka during last three calendar years are as under:

Value US Million $

	2004	2005	2006
India	1613.40	2306.67	2635.84
Bangladesh	1239.17	1684.55	2185.88
Sri Lanka	895.14	1062.57	1131.02

Source: US Department of Commerce (The office of Textiles and Apparel)

(b): Does not arise.

(c): A statement is attached.

Statement referred to in reply to part (c) of the Lok Sabha Unstarred Question No. 937 for answer on 06.03.2007

In order to strengthen the Indian textile industry to meet the emerging global competition, Government has been taking a series of measures which, inter-alia, include:

(i) To improve productivity and quality of cotton for manufacture and export of competitive downstream textile products, Government has launched the Technology Mission on Cotton (TMC). The Mission has achieved success in increasing the productivity and reducing the contamination through upgradation of cotton market yards and modernisation of Ginning & Pressing factories.

(ii) The Technology Upgradation Fund Scheme (TUFS) was launched to facilitate the modernisation and upgradation of the textile industry both in the organised and unorganized sector. The Scheme has been further fine tuned to increase the rapid investments in the targeted sub-sectors of the textile industry. The cost of machinery has been further brought down by reducing the customs duty on imports.

(iii) For speedy modernisation of the textile processing sector, Government has introduced w.e.f. 20.04.05, a credit linked capital subsidy scheme @10% under TUFS, in addition to the existing 5% interest reimbursement.

(iv) For small scale textile and jute industrial units, Government has enhanced, the rate of Credit Linked Capital Subsidy (CLCS) from 12% to 15% w.e.f. 13.01.05.

(v) In order to facilitate modernisation of the Powerloom Sector, Schemes such as High-tech Weaving Parks, Modernisation and Strengthening of Powerloom Service Centers, Group Workshed Scheme and Credit Linked Capital Subsidy Scheme @ 20% have been introduced. Also, the Government has enhanced, w.e.f. 13.01.05, the capital ceiling for machinery from Rs. 60.00 lakh to Rs. 100.00 lakh under 20% capital subsidy scheme-TUFS.

(vi) To provide the textile industry with world-class infrastructure facilities for setting up their textile units meeting international environmental and social standards, a Public-Private Partnership (PPP) based Scheme known as the "Scheme for Integrated Textile Park (SITP)" has been introduced in August 2005.

(vii) In 2004-05 Budget, the entire textile sector, except for man-made fibre and filament yarn was provided optional exemption from excise duty. In 2005-06 Budget, Central Value-aided Tax (CENVAT) on Polyester Filament Yarn has been reduced from 24% to 16%. These modifications in fiscal levies aim at attracting more investments for modernization of textile sector.

(viii) To facilitate import of state of the art machinery to make our products internationally competitive in post quota regime, in 2005-06 Budget, the customs duty on textile machinery has been brought down to 10% except 23 machinery appearing in List 49 which attracts Basic Customs Duty (BCD) of 15%. The concessional duty of 5% continues to be at 5% on most of the machinery items.

(ix) In 2005-06 Budget, 30 items of knitting and knitwear have been de-reserved. This would facilitate setting up of large sized modernized units for meeting the international competition.

(xi) Government has launched the Debt Restructuring Scheme w.e.f. Sept., 2003 with the principal objective to permit banks to lend to the textile sector at 8-9% rate of interest.

(xii) In order to cater to the growing skilled manpower requirements at shop floor level, Government is providing assistance for strengthening existing and opening new Apparel Training and Design Centres (ATDCs).

(xiii) Government has allowed 100% Foreign Direct Investment in the textile sector under automatic route.

(xiv) Government has de-reserved the readymade garments, hosiery and knitwear from SSI sector so that large scale investments may be encouraged in these sectors.

(xv) National Institute of Fashion Technology (NIFT) has been set up to provide the leadership role in sensitizing the Industry to the concept of value addition by inducting trained professionals to manage the industry. This has resulted in an increased demand for trained professionals in various sectors servicing the industry.